New Mexico Human Services Department Medicaid Restructuring Process

Presentation to the

Legislative Health and Human Services Committee

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Highlights for Today's Discussion

1. Purpose of Medicaid Restructuring
2. Overview of Structure for Redesign
3. Update on State Coverage Insurance (SCI)
4. Key concepts and issues for consideration
   - Overview of other State's actions to manage budget shortfalls
   - Cost Containment for FY10 & FY11

Why we need to restructure Medicaid

- National Health Care Reform
  - Opportunity to align with Medicaid reforms in the legislation
- Enhanced ARRA Federal Medical Assistance Percentages (FMAP) ends
  - NM receives $320 million in federal funding through the enhanced ARRA FMAP
  - Scheduled to end December 31, 2010
  - Possibility of extension through June 30, 2011
  - If not extended, reduction of $160 million in federal funding for FY 11
  - If extended, then the reduction occurs in FY12 and amounts to $320 million in loss of federal dollars for the program
- In 2014, Medicaid eligibility will be expanded to 133% FPL; feds will pay 100% FMAP for first several years
  - We have to maintain the program without the enhanced FMAP from FY12 until new federal dollars are available to the state in FY14.

Structure for Redesigning Medicaid

- Medicaid Importance Taskforce SM 27 and HM 28
- ***Purpose:*** Review the Medicaid and SCI programs and make recommendations for improving these programs, including the implications of proposed federal health care reform legislation, current and anticipated changes to Medicaid eligibility and benefits, state budget needs, the needs of currently eligible populations, access to and use of medical services, costs to health care consumers, providers and to the state and the impact on the health care delivery system statewide, particularly in rural areas.
- <u>Membership:</u> HSD Secretary, MAD Director, appointees determined by the NM Legislative Council, experts on health policy, community advocates for Medicaid recipients, health care providers or their representatives and other state agency staff as determined by the chair and vice chair of the interim legislative health and human services committee. At least one-third of the membership of the taskforce must be composed of community advocates for Medicaid recipients, including advocates for the poor, people with disabilities, the elderly and children.

Structure for Redesigning Medicaid

- HSD has created several work groups to get input on the Redesign of Medicaid and to provide recommendations to the Executive and Legislature
- Work groups
  1. Advocates Workgroup
  2. Tribal-State Workgroup
  3. HHS agencies Redesign teams
  4. Provider Workgroup (not yet formed)

Advocates Workgroup

- ***Purpose:*** Evaluate the health care needs of eligible Medicaid populations and work with the state to assure access to these services in Medicaid Re-design within the constraints of the state's budget.
- **Members:** Representatives of the following sectors – low income individuals & families, individuals with disabilities, children, elderly, urban Native Americans, experts on Medicaid policy, HSD staff
- **Meeting monthly**

Tribal-State Workgroup

- ***Purpose:*** Evaluate the health care needs of Native Americans and work with the state to assure access to these services in the State's Medicaid program and through Federal Health Care Reform.
- Workgroup has established 3 goals
  1. Develop and Recommend Protected Indian Plan within State Medicaid Plan, with focus on IHS and tribal facilities
  2. Review and make recommendations regarding cost-containment proposals for Medicaid
  3. Plan for National Health Care Reform and Authorization of Indian Health Care Improvement Act and other legislation
- **Members:** Tribal leaders or their representatives; tribal liaisons from IAD, CYFD, DOH, ALTSD and HSD; HSD Secretary, Deputy Secretary, MAD Director

HHS Agencies Redesign Teams

- ***Purpose:*** The goal of the HHS Agencies teams is to conduct necessary analysis, planning and design for the Medicaid Coverage Plan, State Coverage Plan, benefit riders, and buy-in program in consideration of National Health Care Reform and the state's budget.
- Eight teams meet regularly with participation from CYFD, ALTSD, DOH, PED, IAD, and DVR
- Provider Work Group
  - Will consist of membership from Health Care Organizations and providers
  - Anticipate first meeting will occur later this summer

Update on SCI Funding

- Moved childless adults under Title 19 and assumed enhanced ARRA FMAP for this population
  - Received initial feedback from CMS that "new" population is not eligible for enhanced ARRA FMAP
- Not getting enhanced ARRA FMAP means:
  - FMAP is at 71.35% instead of 80.49%
  - We have a shortfall in State General Fund up to $17.4 million, (depends on number of people on SCI, shortfall should be less due to waiting list)
  - We are working with CMS and the Congressional delegation to remedy this issue
- If we solve this problem there is a second problem of the federal budget neutrality cap

SCI Federal Budget Cap

- The childless adult waiver has a budget cap of $132,481,581
- With enhanced ARRA FMAP we need less state GF to support the program because we get more federal funding
  - $37.1 million vs. $54.6 million
- The increased federal money will put us over our federal budget cap in August up to $20.9 million
  - Depends on number of people on SCI, shortfall should be less due to waiting list
  - NM is working with Centers for Medicare and Medicaid Services (CMS) to remedy this issue

Key Concepts for Consideration

- Most states are looking for ways to address a shortfall in the Medicaid program
  - Rate decreases, benefit reductions or elimination of benefits, and provider taxes
- New Mexico began making changes in FY10 - (see handout)
- Proposals for FY11 are being discussed with stakeholders, workgroups and with the Medicaid Advisory Committee – (see handout)